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The Director of Central Intelligence
Washington, D.C. 20505

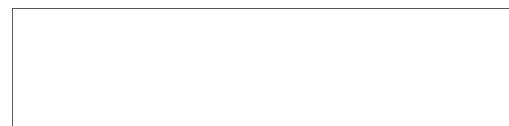
NIC #03875-84

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: East Asia Warning and Forecast Meeting

Representatives of the Intelligence Community met on 20 June 1984 to consider the attached subjects.



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National Intelligence Officer
for East Asia

Attachment:
Warning and Forecast Report

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20 June 1984 East Asia Warning and Forecast Meeting

I. UK-PRC Negotiations Concerning the Future of Hong Kong

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Forecast: The economic situation in Hong Kong will at best be in limbo, with a more likely downward slide. Investments longer than two or three years will not take place, and there will be little or no high technology or research and development investment made in the colony. Singapore and Hong Kong will become increasingly popular as places for investment, and corruption amongst Hong Kong's government and banking officials is likely to increase. The implications for the US over the short term are minimal, despite the fact that the US is a large investor in Hong Kong. The liquidity of most US investments there provide the protection desired by the investors.

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II. The West Irian-Papua/New Guinea Border Clashes

While the clashes along the Papua/New Guinea-Indonesian border have heightened tensions between the two countries, it appears that all parties concerned are attempting to solve the problem as expeditiously as possible. The main cause of the problem appears to be Indonesian military actions against Melanesian tribal groups living on the Indonesian side of the border. The actions of the Indonesian military, spurred in part by the insurgent activities of some of the Melanesian tribesmen, have resulted in 8,000 refugees crossing the border into Papua/New Guinea. Repatriation of these refugees has been slow, and is unlikely to speed up in the foreseeable future. Indeed, more refugees are expected, as reports on Indonesian troop behavior suggest growing dissatisfaction on the Indonesian side of the border. Papua/New Guinea's limited military capabilities prevent it from putting forces in the area to help stabilize the situation or to operate in conjunction with Indonesian forces to patrol the border jointly. Australia has been seeking to avoid involvement; however, its former relationship with Papua/New Guinea is making this difficult. This is coupled with inherent Australian mistrust of Indonesia and the fact that both New Guinea and Indonesia have thus far moved to shut out any role for the United Nations in the repatriation process.

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Forecast: Despite the efforts by all parties to find a solution to the problem, the bitterness of the refugees and the longstanding ethnic differences along the border suggest that the problem will endure for some time and may indeed see sharper reactions and confrontations in the future.

III. Kampuchean Post-Dry-Season Wrap Up

While it is difficult to identify winners or losers in the recent crises and confrontations in Kampuchea, clearly the magnitude and nature of events there mark a turning point in the efforts of the rebels against the Vietnamese troops and their Kampuchean allies. DK operations as well as KPNLF operations during the preceding wet season and into the dry season were in marked contrast to the previous years where they assumed a defensive posture along the Thai-Cambodian border. Their operations not only postponed the onset of Vietnamese operations, but they regained the initiative sooner at the end of the dry season. DK strength may be somewhat greater than originally estimated; however, still within the range of 30,000 to 40,000 listed in our previous estimate. Non-Communist strength has grown; however, they are still of secondary importance compared to the DK. Many of the non-Communist forces are still without arms. The PRK forces remain ineffective and unreliable, but the Vietnamese have employed them increasingly and they were used in one major battle during the dry season.

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Forecast: Despite the lengthy and intense diplomatic maneuvering that took place during the beginning of the dry season involving Indonesia, ASEAN, Vietnam, and Thailand, little progress resulted, and Vietnam continues to adhere to its hard-line position. As expected, Singapore and other countries in the area would like to see greater US involvement to offset the PRC influence and thereby give the KPNLF a greater opportunity to counterbalance the DK should a solution, either military or diplomatic, remove the Vietnamese forces from Kampuchea. Barring a major change in the weapons supply to the rebels, both Communist and non-Communist, we doubt that there will be any significant change in the relationships in Kampuchea. The effectiveness of the rebels will continue to increase; however, whether it can reach a point where it threatens the Vietnamese presence there remains doubtful.

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V. Production

The NIO reviewed Estimates now under way in the East Asia area, and plans for upcoming Estimates. UN

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Next month's Warning and Forecast Meeting will be held on 18 July in Room 7E62, CIA Headquarter Building. The meeting will focus on Northeast Asia (China, the Koreas, [redacted]). Ambassador William Sherman will address the meeting briefly concerning how the Intelligence Community can support ongoing State Department actions in Northeast Asia. Specific discussion topics and briefing assignments will be the subject of a separate memo. [redacted]

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